

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3292-01
Bill No.: HB 1218
Subject: Education, Elementary and Secondary
Type: Original
Date: March 4, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$75,694)	(\$83,813)	(\$85,917)
Total Estimated Net Effect on <u>All</u> State Funds	(\$75,694)	(\$83,813)	(\$85,917)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
School Districts*	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

*** Expected to exceed \$100,000**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** estimate the need for 2 FTE (1 FTE Supervisor and 1 FTE Administrative Assistant) to collect student level information in the academically deficient or unaccredited schools and monitor where the student attends as well as any additional educational services purchased. DESE also assumes an IT impact of approximately \$100,000 to establish a database and a process for obtaining and updating the information. **Oversight** assumes DESE could accomplish the IT needs resulting from the proposal with existing information technology.

DESE states that school districts with students choosing to attend a different district would experience a reduction in their funds as a result of payments to students for tuition and/or reasonable transportation costs to another public school or for supplemental educational services. The fiscal impact of transfers between school districts is not known but it is believed it could exceed \$100,000; however, the net statewide impact would be \$0 in terms of total district moneys statewide. The fiscal impact of district moneys going for supplemental educational services would be a net loss to districts statewide and is assumed to be greater than \$100,000.

Oversight notes that five public schools in Missouri were determined to be academically deficient in February, 2002. Total enrollment for those schools is 3,134. This total does not include the Kansas City School District with an enrollment of 34,927. Supplemental educational services reimbursements could total over \$3,000,000 without including any numbers from Kansas City.

DESE also states that while the proposal allows tuition and transportation payment to charter schools, other statutes disallow payment of tuition to charter schools (150.415 (2) 8 RSMo), and only allow children to attend charter schools if the charter school is in the child's district of residence (160.410 (1) RSMo).

Officials from the **Kansas City Missouri School District (KCMSD)** stated that if KCMSD remains unaccredited and all students remaining in the District were eligible to receive reimbursement of up to one thousand dollars of supplemental educational services costs per student year, the annual cost could be in excess of \$30,000,000 (based on enrollment of 34,927)

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Department of Elementary and Secondary Education could require as many as 6 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27.

ASSUMPTION (continued)

The actual costs could be more or less the SOS's estimated cost of \$369 for FY 2003. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Cost-Department of Elementary and Secondary Education (DESE)</u>			
Personal Services (2 FTE)	(\$49,115)	(\$60,411)	(\$61,921)
Fringe Benefits	(\$17,686)	(\$21,754)	(\$22,298)
Expense and Equipment	<u>(\$8,893)</u>	<u>(\$1,648)</u>	<u>(\$1,698)</u>
Total <u>Cost-DESE</u>	<u>(\$75,694)</u>	<u>(\$83,813)</u>	<u>(\$85,917)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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SCHOOL DISTRICTS

<u>Cost - Tuition, Transportation, Supplemental Educational Services*</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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*** Expected to Exceed \$100,000**

FISCAL IMPACT - Small Business

Small businesses that contract for transportation could see a positive fiscal impact as a result of this proposed legislation.

DESCRIPTION

Under this proposed legislation, a student in an academically deficient or unaccredited public school may be reimbursed by the district of residence for tuition and reasonable transportation costs to any public school in another district or a charter school. Students who remain in an academically deficient or unaccredited school must be reimbursed by the district for up to \$1,000 of supplemental education costs such as tutoring, educational materials, classes in areas of special interest, and tuition in dual enrollment college classes. The Department of Elementary DESCRIPTION (continued)

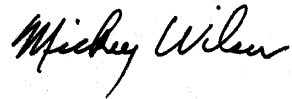
and Secondary Education will promulgate rules to specify reimbursable costs and other rules

necessary for enforcement of the proposed legislation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Secretary of State
Administrative Rules Division
Kansas City Missouri School District



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Acting Director
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